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Michael Moore Seeks Million-Dollar Refundable Tax Credit to Cover Costs of Anti-Capitalist Movie

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By Pete Winn, Senior Writer/Editor

(CNSNews.com) – Filmmaker Michael Moore has been approved to receive a refundable tax credit of up to \$1 million from the State of Michigan Film Office for his 2009 documentary, “Capitalism: A Love Story,” and a Republican state senator in Michigan wants her state's money back.

“That’s a refundable tax credit, so that’s just a handout,” Michigan Sen. Nancy Cassis told CNSNews.com Friday from her office in Lansing. “I am just aghast at his asking for the taxpayers of Michigan to donate \$1 million out of our already impoverished general fund to support his film--that trashes our economic system.”

Ken Droz, communication director for the State of Michigan Film Office, told CNSNews.com that Moore, who lives in Michigan, had applied for the tax incentive in 2008. Droz confirmed that the credit to Moore’s company was approved in “late winter” of 2009.

Droz said he could not confirm the amount of the credit, but that Moore could receive up to 42 percent of the costs of the production--and had to submit a final audit of his costs in Michigan, which were considered privileged tax information.

But Cassis, who is the chairman of the state Senate Finance Committee, told CNSNews.com that e-mails she had received from Michigan Film Commissioner Janet Lockwood showed that Moore’s production company spent approximately \$4 million in his home state to make the film--and Moore could receive up to \$1 million back.

Attempts to contact Moore and his production company--Dog Eat Dog Productions--were unsuccessful.

Sen. Cassis, meanwhile, said Michigan is facing a \$1.6 billion state budget shortfall for 2011--and can’t afford such tax breaks.

“This really is robbing Peter to pay Paul,” she said. “(O)ur small businesses in this state, that create 70 percent of all the jobs, have been hardest hit by the new Michigan business tax – and the surcharge of 22 percent on that tax -- which is going to subsidize these giveaways and these handouts. Meanwhile, these small business employers are letting go of employees, contributing to our highest-in-the-nation unemployment.”

Moore’s application for the tax incentive was first brought to light by the Mackinac (pronounced Mackinaw) Center for Public Policy, a free-market tax watchdog in Midland, Mich.

“While we don’t blame Mr. Moore and his production team for taking what is offered, it’s striking that a movie

focused on the inequities of granting taxpayer dollars to private enterprise would apply for and receive taxpayer-funded incentives,” said Michael LaFaive, fiscal policy director at the Mackinac Center.

Meanwhile, LaFaive said his group had obtained footage of Moore at an appearance in Traverse City, Mich., in July of 2008, soon after his application for the refundable tax credit, in which the filmmaker criticized the film-credit program.

“They (filmmakers) play one state against another, and so they get all this free cash when they’re making billions already in profits,” Moore said. “What’s the thinking behind that?”

Sen. Cassis expressed outrage over Moore’s condemnation.

“The hypocrisy of Michael Moore is absolutely stunning,” she told CNSNews.com.

“On one day he criticized the film giveaways and then asked for a \$1 million handout of his own,” Cassis said. “We are supposed to be spurring economic growth, but we’re giving taxpayer money to a film that trashes our economic system. How responsible is this?”

In yet another irony, Moore is a member of advisory council for the State Film Office, though Droz said the council is advisory only, and does not influence which projects receive tax breaks.

Michigan’s refundable film credits are among the nation’s most generous, according to Sen. Cassis, who is introducing legislation to put a “brake” on the incentives.

In April of 2008, the Michigan Legislature passed a bill to give film companies who make films in Michigan a refundable tax credit of up to 42 percent of their tax liability – meaning taxpayers send a check to “refund” the film company the difference between actual tax owed and the amount of the credit to be paid.

Cassis was the lone “no” vote.

“Michigan’s film credits are simply unaffordable,” she said. “Continuing to cover up to 42 percent of a film’s in-state productions expenses is estimated to cost taxpayers \$120 million in 2011. When we are already facing one of the toughest budget years in Michigan’s history, these refundable credits are too generous and must be restructured.”

“We simply can’t afford this handout to one industry – Hollywood producers – over all others,” Cassis told CNSNews.com. “Really we’re robbing Peter – the hardworking Michigan businessman – to pay Paul –the Hollywood tycoon.”

“Now when the state is still under considerable duress, with a short-fall reaching \$1.7 billion dollars , and cutting financial support to kids in schools and seniors on Medicaid and to our local police and fire

departments, this really raises a critical question as to whether or not these refundable credits are at all right,” Cassis added.

Over \$200 million was spent by companies that made films in Michiga during 2009, according to the state film office spokesman.

A recent [study](#) by the Tax Foundation, a nonpartisan research organization, concluded that film incentives nationwide fail to spur economic growth or raise tax revenues.

“Motion picture incentives are often touted as ‘job-creating’ programs, but they create mostly temporary positions with limited upward mobility,” the report said.

Unemployment in The Wolverine State has been the nation’s highest for more than 45 months – and currently stands at 14.6 percent.

To date, “Capitalism: A Love Story” has grossed less than \$16 million domestically, according to movie industry analysts.

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